

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6512**

**BILL NUMBER:** HB 1303

**NOTE PREPARED:** Mar 9, 2009

**BILL AMENDED:** Feb 19, 2009

**SUBJECT:** Waiver of Certain Real Property Tax Penalties.

**FIRST AUTHOR:** Rep. Smith V

**FIRST SPONSOR:** Sen. Hershman

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** *Tax Sales-* The bill provides that: (1) real property (other than real property classified as industrial property under the rules of the department of local government finance) may not be sold at a tax sale after June 30, 2009, and before July 1, 2010; and (2) penalties and costs relating to the tax sale are not due on the real property; if all delinquent taxes and special assessments on the real property are paid before the tax sale.

*Waiving of Penalties-* The bill waives penalties that were incurred before January 1, 2009 for delinquent property taxes on real property (other than industrial property) if all delinquent taxes and special assessments on the real property are paid before July 1, 2010.

**Effective Date:** (Amended) January 1, 2009 (Retroactive); Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Tax Sales-* County auditors would be required to include in property delinquency notices information regarding the removal of property from a tax sale under the remedy described above. County auditors would be able to include this information within existing resources.

**Explanation of Local Revenues:** *Tax Sales-* A person paying delinquent tax liens before time of sale would have cancelled all penalties, postage/publication costs, and directly attributable tax sale costs. County revenues would be reduced by the above amounts for each tax sale that would not occur during that 12-month

period of time.

(Revised) *Waiving of Penalties*- Waiving penalties would have an indeterminable impact to local revenues, which could be significant if counties have a large number of long-term delinquent properties eligible for tax sale. The impact would depend on the number of taxpayers that would pay their delinquent taxes prior to a tax sale that otherwise would not pay under current law.

*Background Information*- The SRI corporation, which currently contracts with 79 Indiana counties to conduct tax sales, reported owners of approximately 8,900 parcels in 37 counties paid delinquent taxes and penalties *prior* to tax sale of the parcels during CY 2008. The penalties paid on those parcels totaled \$2.2 M. The average penalty from that year was calculated and ranged from \$102 to \$982. During CY 2007, Lake County had 3,443 parcels with delinquent taxes and penalties paid prior to sale. The penalties paid prior to sale in Lake County totaled \$2.8 M.

The following table provides further statistics from the counties under contract with SRI.

<b>CY</b>	<b>Number of Parcels with Taxes and Penalties Paid Prior to Tax Sale</b>	<b>Number of Parcels Offered for Tax Sale</b>	<b>Number of Counties with Tax Sales During Year</b>
2008	8,961	5,775	37
2007	12,795	16,380	47
2006	18,867	16,356	71
2005	15,819	8,435	64
2004	13,938	5,980	46
2003	8,293	6,818	31
2002	15,556	9,633	73
2001	15,172	10,353	71
2000	12,215	11,447	67

To date, five counties under contract with SRI have had a tax sale during CY 2009. Based on the payment history above, SRI reports that 43% of the parcels eligible for sale have their delinquent taxes and penalties paid before the sale occurs.

Marion County- There were 1,008 parcels in Marion County sold via tax sale during CY 2008. The total amount received by the County from the sale of those parcels was approximately \$19.9 M. Marion County collects a \$170 fee for a title search for each property to be sold.

Penalty Information- The penalty is \$25 if tax payments are delinquent up to 29 days. After 30 days, the county auditor must add on an additional penalty equal to 20% of the amount of taxes that should have been paid on the property tax return. At 45 days, an additional penalty of 10% of the tax bill is charged.

**State Agencies Affected:**

**Local Agencies Affected:** Counties.

**Information Sources:** James Hughes, SRI, 842-5818; Cindy Land, Marion County/City of Indianapolis, 327-4028.

**Fiscal Analyst:** Chris Baker, 317-232-9851.